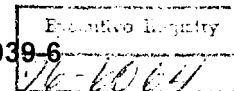


THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505



DCI/IC-76-1206

8 JAN 1976

The Honorable John O. Marsh, Jr.
Counsellor to the President
The White House
Washington, D. C. 20500

Dear Jack:

This letter responds to your request of 7 January for a list of issues relating to the Intelligence Community which the President should address, and drafts of decision memoranda for the President on the question of charters for Intelligence Community elements.

TAB A - Issues for Presidential Consideration Relating to U.S. Foreign Intelligence Activities

(Materials provided include recommendation on all issues identified in the Presidential "decision book," plus several additional issues I consider should be addressed.)

TAB B - Key Resource Management Issues

(Five issues related to the discussion in the OMB Task Group "Draft Report to the President on Organization and Management of the Foreign Intelligence Community," dated 16 December 1975, have been singled out for particular attention.)

TAB C - Central Intelligence Agency Charter

TAB D - National Reconnaissance Office Charter

TAB E - Option 4, Modified - "Collective Management"

(I have included for reference Attachment A of my response of 18 December 1975 to the Director, OMB, which commented on the 16 December "Draft Report to the President on Organization and Management of the Foreign Intelligence Community.")

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While I do not consider that this is a propitious time to undertake a major restructuring of the Intelligence Community, I recognize that other considerations may outweigh the reasoning I have presented in responses at TAB A. If significant organizational changes are to be considered, however, I invite your attention particularly to the issues and recommendations set forth in TAB B and my earlier comments at TAB E. These describe what I believe would be the most effective and least disruptive changes.

Sincerely,

/s/ W. E. Colby

W. E. Colby

Enclosures:
as stated

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(8 January 1976)

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KEY RESOURCE MANAGEMENT ISSUES

Issue 1: Should the role of the DCI be enhanced so as to provide more focused management and control of the Intelligence Community?

DCI Recommendation: Yes. The DCI should chair an NSC Executive Committee, with Deputy Secretaries of State and Defense as members. These officers among them would control all major national intelligence assets and would act as a Board of Directors for the Community. The EXCOM would, in particular, provide policy and resource guidance for the National Security Agency and the National Reconnaissance Office.

Issue 2: Should the major intelligence budgets be appropriated to an Intelligence Community manager for reallocation to individual operating departments, or should his management be limited to the formulation of a recommended foreign intelligence budget?

DCI Recommendation: Neither. Budgets should continue to be appropriated as at present and administered under the guidance of the EXCOM. The DCI as Chairman of EXCOM should formulate a recommended budget.

Issue 3: If he does not have direct budgetary control, should an Intelligence Community manager have any responsibility for approving the NSA and NRO programs and budgets?

DCI Recommendation: Yes. See No. 1 above.

Issue 4: Should an Intelligence Community manager be responsible for oversight and evaluation of all foreign intelligence activities, or should that remain decentralized as now?

DCI Recommendation: The DCI now has evaluation responsibilities for national intelligence collection and production activities. He does not have oversight responsibilities in terms of checking on abuses--except for the CIA--nor should he. The DCI should be relieved of any evaluation or budget review responsibilities relating to tactical intelligence.

Issue 5: Should an Intelligence Community manager be responsible for the presentation of the foreign intelligence budget even if he does not directly control it?

DCI Recommendation: Yes. It is quite clear that Congress will expect in the future that someone present an Intelligence Community budget. It makes sense that this should be the DCI, even if his control over major portions of it is minimal.

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TAB D

NATIONAL RECONNAISSANCE OFFICE CHARTER

1. Should the NRO have a charter?

Yes. Satellite reconnaissance of foreign activities is essential to meet Intelligence Community needs at the national level. An organization is required to manage the necessary effort and a comprehensive charter is essential to define, authorize, and establish that organization.

2. What should be included in the charter?

The charter should define the supervision under which the national office is established, the responsibility and authority of that national office, and its relationships to the Department of Defense and the Central Intelligence Agency.

The NRO charter should enable the organization to implement responses to both national and tactical intelligence requirements. The charter should provide for the development and operation of satellite collection systems which deliver the necessary product to the exploitation, analytical, tactical and field command elements in the most responsive manner and with appropriate security provisions.

The authority of the NRO should include:

- a. Establishment of its necessary management structure;
- b. Definition of the required budgetary support;
- c. Development and operation of the satellite systems;
- d. Technology support for future efforts.

3. Should the charter be a statute or an Executive Order?

The need for flexibility as new requirements for satellite reconnaissance emerge (as is currently the case with direct military support requirements) dictate that the charter be established through Executive Order rather than statute.

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